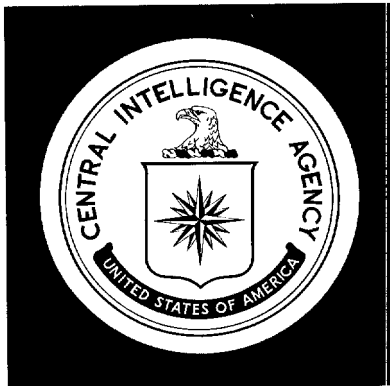


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No. 0009/72
11 January 1972

Central Intelligence Bulletin

CONTENTS

LAOS: Fresh Communist gains in Long Tieng sector.
(Page 1)

BURMA: Insurgents associated with U Nu become
more aggressive. (Page 3)

UK: Prospects are dim for early settlement of coal
strike. (Page 4)

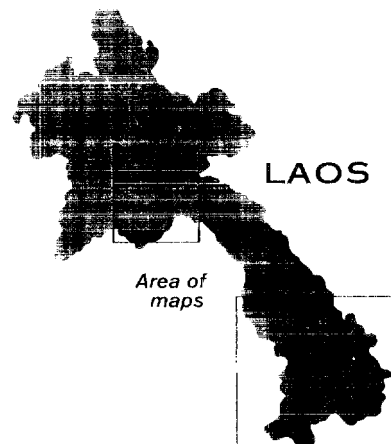
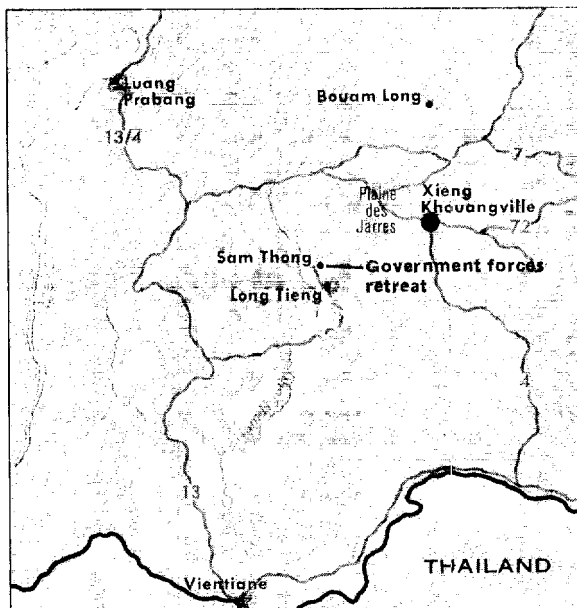
JAPAN: Farm interests lobby against new import
pact with US (Page 6)

CANADA-JAPAN: Attempt to boost Canadian sales to
Japan (Page 6)

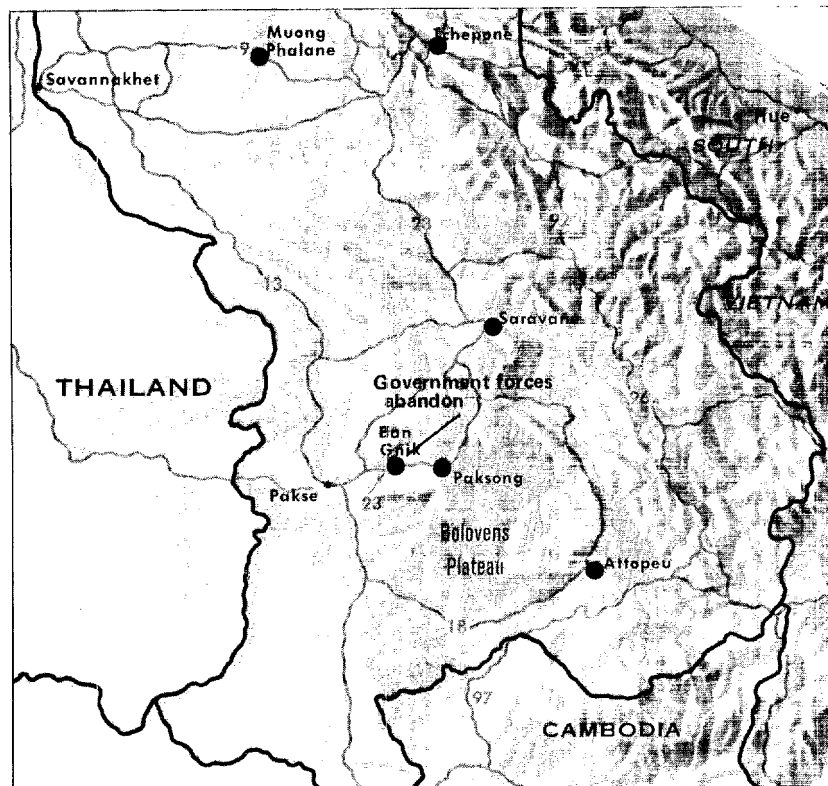
PERU: New import controls (Page 7)

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Government-held location
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[LAOS: Government forces have abandoned some positions at Sam Thong, five miles northwest of Long Tieng, following a small enemy ground attack.

The two understrength irregular battalions that had been manning defensive positions near the airstrip withdrew on 10 January, and some of these troops are moving back toward Long Tieng. The withdrawal from Sam Thong leaves newly established fire support base Thunder--with two 105-mm. and two 155-mm. howitzers--in an exposed position with only a small Lao Army screening force to protect it. Other irregular units are still in the area around Sam Thong and could move to regain the abandoned positions quickly. Elsewhere in the Long Tieng area, probes and shelling attacks were reported at most irregular positions, and Long Tieng itself was again hit by 130-mm. artillery fire on 8 and 9 January.

In south Laos, an estimated two North Vietnamese battalions with artillery support forced irregular units to abandon Ban Gnik, the last defensible position on the western edge of the Bolovens Plateau. Government casualties had been substantial after three days of concerted enemy attacks. The withdrawal of the irregular force from Ban Gnik leaves only small government units between Pakse and the Bolovens, and many of these will probably pull back in the near future.

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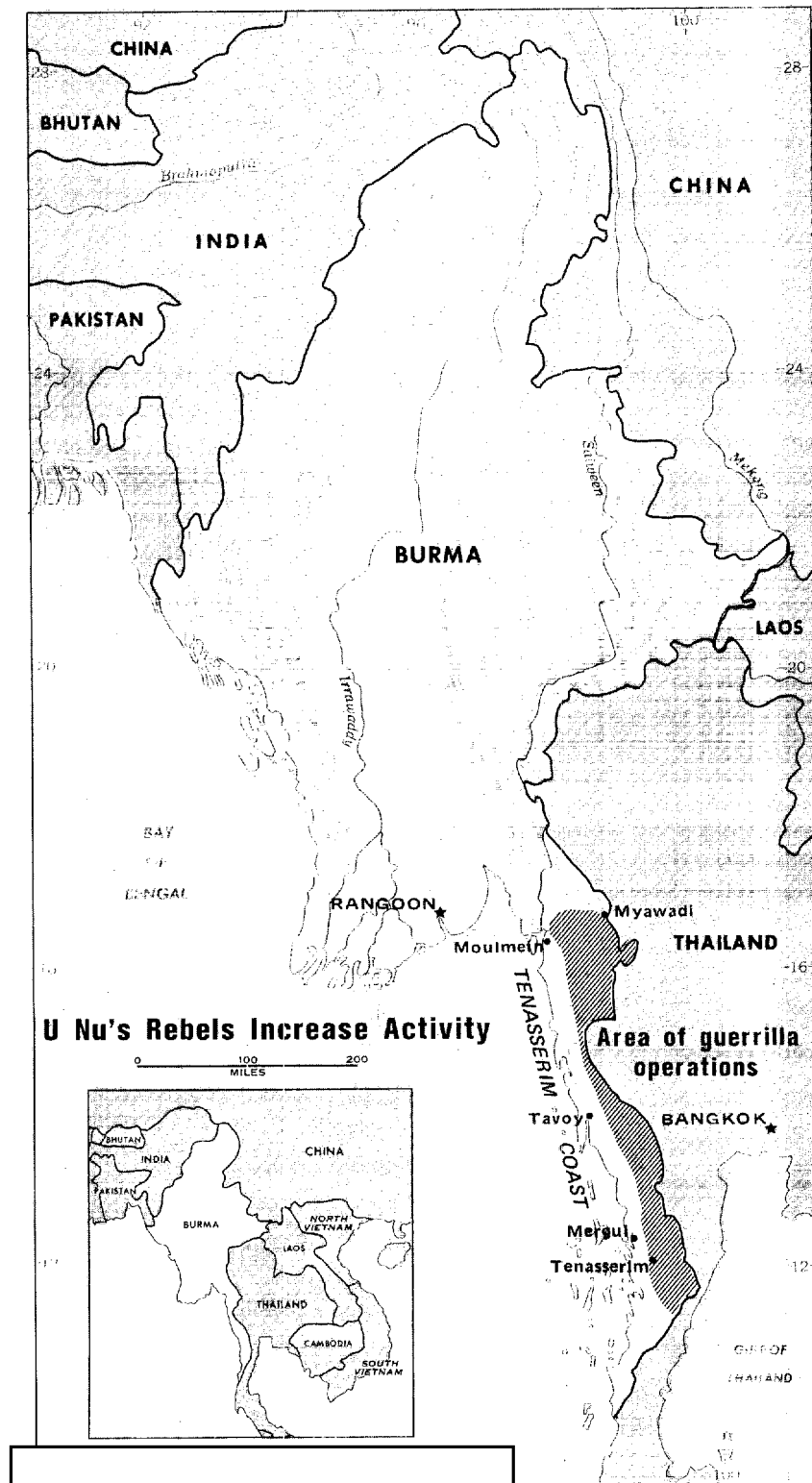
11 Jan 72

Central Intelligence Bulletin

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BURMA: Insurgents associated with exile leader U Nu are becoming more aggressive along the Tenasserim Coast in southeast Burma.

Operating from bases in Thailand, groups of 50 to 200 men now range relatively freely through the border districts and are showing a greater disposition to seize and hold positions. On 3 January, for example, the rebels overran a Burmese Army outpost near the town of Tenasserim and at last report were still holding it.

The insurgent activity has further weakened the Burmese Army's tenuous hold on the interior of the Tenasserim strip. [REDACTED]

25X1

[REDACTED] security is poor outside the district towns. U Nu's two-and-a-half-year-old resistance movement has still not demonstrated any capability, however, beyond the Thai border region. Although popular among the Burmese populace, Nu is heavily dependent on the military support of some 3,000 Karen and Mon ethnic rebels. His relations with them are marred, however, by the tribal people's traditional distrust of Burmans. [REDACTED]

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UK: Prospects are dim for an early settlement of the coal miners' strike.

The National Coal Board, whose offer of a 7.9-percent wage increase was rejected by the 280,000 strikers, is in a good position to stand firm. Pressures from the public or from industry for a settlement are not expected for at least ten weeks because reserve stocks at the mines are very high and supplies already in the hands of users are fairly ample. Moreover, the National Union of Miners (NUM) is in a precarious position; it cannot pay strike benefits and is not likely to win the support it seeks from other unions.

The government is unlikely to invoke the 60-day "cooling off" period provided for by the new Industrial Labor Relations Act unless there is a clear danger to the economy or the public weal. Officials doubtless recognize that use of the law--vehemently opposed by most of the unions--for the first time to beat the miners into submission would be highly unpopular. The government will, however, use such sections of the law as those prohibiting secondary boycotts should other unions engaged in vital public services support the NUM.

The NUM's militant stance is dictated in part by a need to satisfy the demands of leftists and Communists, who have pockets of strength among the rank-and-file in the organization. The newly elected union president, himself a right winger, is aware that the responsible and moderate orientation of the union could shift markedly if the strike fails to result in significant gains.

The Heath government in recent months has scored significant successes in its campaign to maintain an anti-inflationary wage ceiling of eight percent. Agricultural and hospital workers, dockers, and local government employees all accepted

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settlements conforming to the Heath guidelines. The settlement agreed to by local government workers was particularly significant because it involved some of the most militant and unruly elements of British trade unions.

25X1

11 Jan 72

Central Intelligence Bulletin

5

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NOTES

JAPAN: Certain Japanese farm interests are attempting to prevent Tokyo from reaching an agreement with Washington to reduce restrictions on agricultural imports. The powerful Central Union of the Agricultural Cooperative Association recently warned that it would cut its imports of US farm products if the US tried to force Japan to liberalize its agricultural imports further. The announcement was intended to counter US pressures on Japan to liberalize beef and fruit juice imports, issues discussed during the recent San Clemente summit meetings. Although the association can exert significant pressure on the ruling Liberal Democratic Party and temper the government programs, it has no direct control over Japanese agricultural imports, which are bought by government-run marketing agencies. [REDACTED]

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CANADA-JAPAN: A high-level Canadian economic delegation, headed by Industry, Trade, and Commerce Minister Pepin, will visit Japan later this month to press for more Japanese purchases of Canadian manufactured goods. This is evidence of Canada's attempts to create jobs for its unemployed and to diversify its export markets in order to decrease its dependence on the US. Canada's current exports to Japan are primarily resource products such as coal, wood products, and copper. Because the balance of the bilateral trade is currently in Canada's favor by a substantial margin, the mission will have a difficult task. [REDACTED]

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11 Jan 72


Central Intelligence Bulletin

6

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PERU: The new system of import controls thus far is being used to restrict purchases of nonessential consumer goods but not to discriminate against foreign-owned businesses in Peru. Under the system, which goes far beyond earlier controls, annual requests from the private sector for foreign exchange must be approved by the government on a product-by-product basis. The system was imposed by the Velasco government in November 1971 to lessen serious balance of payments difficulties forecast for 1972-75. The severity of the law's implementation will depend mainly on future export performance, which was poor in 1971 because of miners' strikes and lower world market prices for Peru's products.



25X1

11 Jan 72

Central Intelligence Bulletin

7

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